

AGENDA: MAYORAL COMMITTEE: 22 MAY 2012

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122. FINAL BUDGET 2012/2013 MEDIUM TERM INCOME AND EXPENDITURE

FRAMEWORK: (MTREF):

(Directorate: Budget and Treasury Office)

(5/1/1)(2012/2013)(35793)

1. STRATEGIC THRUST

The Budget is the most important strategic planning document of the Council which will guide and determine the day to day actions necessary for the delivery of Municipal services to the Community.

Financial viability is the first priority in the IDP process and has an objective to practice sound and sustainable financial management. This is a responsibility of all managers of Council and will determine the continuous viability of the organisation.

2. PURPOSE OF THE REPORT

The requirements for the compilation and submission of the Budget are contained in Chapter 4 of the MFMA and Municipal Budget and Reporting Regulations.

The purpose of submitting the 2012/13 budget to council is to consider the Income and expenditure per category approve the tariffs to realise the budgeted income and to inform council about the limitations regarding the budget. The 2012/2013 to 2014/2015 MTREF is attached as **Annexure A. (Pages 6 – 168)**

3 EXECUTIVE SUMMARY

3.1 Background

The budget process started in August 2011 when the IDP and budget plan was approved by Council. The budget received from directorates every year exceeds the available funds with two to three times and is proof that the needs of the community will always exceed the available funding. The only way to address this shortfall is to increase tariffs and or to cut back on expenditure

The Council approved the draft budget and budget related on the 28 march 2012 per Council resolution no.

The local government Municipal systems act (LGMSA), chapter 4 deals with the community participation. Section 16(1)(a) and (iv) stipulate that a municipality must encourage, and create conditions for , the local community to participate in the affairs of the municipality, including in the preparation, implementation and review of its Integrated Development Plan and preparation of its budget.

The draft budget was subjected to public participation and the following are amongst other issued raised that are accommodated in the budget forming part of the IDP:

- Electricity Supply
- Water supply

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- Storm water drainage
- Water yard connections
- Free basic water and electricity
- Sanitation and replacement of sewer pipes
- Cemeteries
- Upgrading of internal roads
- Roads construction
- Write off of irrecoverable debts
- Request for availability of land: Construction of RDP houses

Section 22 of the MFMA also stipulates that immediately after an annual budget is tabled in a municipal Council the accounting officer must make public the annual budget and documents.

The main challenges experienced during the compilation of the 2012/13 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Rand Water, Magalies water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff, as well as the need to fill critical vacancies;

The following budget principles and guidelines directly informed the compilation of the 2012/13 MTREF:

- The 2011/12 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2012/13 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases not exceeding inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to National and Provincial funded projects unless the necessary grants to the municipality are reflected in the National and Provincial budget and have been gazetted as required by the annual Division of Revenue Act;

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- All expenditure even if budgeted for , must be carefully considered to ascertain that the hard earned money of the public is not wasted and the principle of value for money must prevail

Outlook of 2012/13 Budget

The 2012/13 budget present a total spending plan of **R3,5 billion** comprising **R888,7million** capital budget and **R2,6 billion** operating budget. This budget reflects Council's response to the needs of the residents, ratepayers and the business community which it serves and the details of the multi-year budget are contained in Annexure A (MTREF 2012/2013 to 2014/2015)

This item served before the PFC: Budget & Treasury on the 15 May 2012 and the following recommendations were made:

RECOMMENDED:

ACTION

1. That the multi-year annual budget of Capital and Operating expenditure for 2012/2013 and the indicated two outer years of 2013/ 2014 and 2014/2015 be approved as set out in the following tables:

Table A1	Budget Summary
Table A2	Budget Financial Performance
Table A3	Budget Financial Performance (Municipal Vote
Table A4	Budget Financial Performance by Revenue Source and Expenditure type
Table A5	Budget Capital Expenditure by Vote
Table A6	Budget Financial Position
Table A7	Budget Cash Flows
Table A8	Cash backed reserves/accumulated Surplus reconciliation
Table A9	Asset Management Consolidated basic Service delivery measurement;

2. That the proposed fees as envisaged in **Annexure B** for water supply, electricity, waste management and refuse removal in terms of Section 75(a) of the Municipal Systems Act be approved for implementation from 1 July 2012 as follows:

Water	average increase	6.12%
Electricity	average increase	11.03%
Sewerage	average increase	5.94%
Refuse	average increase	6.5%

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3. That the proposed fees and rebates for Property rates as envisaged in **Annexure B(Pages 180 - 198)** be considered in line with the Municipal Property Rates Act be approved for implementation from 1 July as follows:

Property Rates average increase 5.06%

4. That the proposed fees on Sundry charges as contained in **Annexure B** be approved for implementation in July 2012 as follows:

Valuation Roll	7.69%
Valuation Certificate	40%
Electricity Reconnection	6%
Tariffs in Directorate Public Safety	5%
Sport Facilities and Cemeteries tariffs	5,5%
Swimming Pool fees	10%;

5. That cognizance be taken:
 - 5.1 of the draft budget together with related policies tabled in Council on March 2012, was subjected to Community participation through stakeholders and public meetings that took place in the wards;
 - 5.2 Of the need for the relevant directorate to fast track spending on the capital budget; and
 - 5.3 Of ESKOM approved tariff increase of 11.03% to municipalities on electricity tariffs;
6. That it be noted that provision of 7% for Salary increase to be implemented in July 2012;
7. That Directorate prioritise the filling of critical vacancies to ensure efficient service delivery;
8. Those directorates should monitor the revenue of their relevant directorate regularly, and should they find that the estimated revenue would not be realized, advise Budget and Treasury Office so that a budget adjustments report could be submitted timeously to Council for approval;

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9. That capital expenditure to be financed from grants and other external mechanisms takes place after the funds have been secured and confirmed in writing and /or received;
10. That the IDP document contained in the budget presentation as determined in terms of section 17(3)(d) of the MFMA be approved;
11. That the following budget related policies with amendments be approved for implementation from July 2012;

Annexure C – Credit Control and Debt Collection Policy
(Pages 199 - 233)

Annexure D - Budget Policy(Pages 234 - 249)

Annexure E – Travelling and Subsistence Policy
(Pages 250 - 263)

Annexure F – Entertainment policy(Pages 264 - 268)

Annexure G – Indigent Household Support Policy
(Pages 269 - 276)

Annexure H – Property Rates Policy(Pages 277 - 300)

Annexure I – Tariff Policy(Pages 301 – 306)

Annexure J – Accounting Policies(Pages 307 - 328)

Annexure K – Fixed Asset Management Policy
(Pages 329 - 403)

Annexure L – Supply Chain Management Policy
(Pages 404 - 447)

Annexure M – Borrowings Policy(Pages 448 - 453)

12. That the unchanged Budget Related Policies be noted.
Annexure N(Pages 454 - 466)– Cash & Investment Management Policy;
 13. That approved Medium Term Revenue and Expenditure Forecasts (MTREF) for the financial years 2012//2013 to 2013/15 be submitted National and Provincial Treasuries within 5 days;
 14. That the approved (MTREF) together with the tariffs be placed on the website.
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ABBREVIATIONS AND ACRONYMS

ABBREVIATIONS	ACRONYMS	ABBREVIATIONS	ACRONYMS
AMR	Automated Meter Reading	MTEF	Medium-term Expenditure Framework
ASGISA	Accelerated and Shared Growth	MTREF	Medium-term Revenue and Expenditure Framework
BPC	Budget Planning Committee	NERSA	National Electricity Regulator South Africa
CBD	Central Business District	NGO	Non-Government Organizations
CFO	Chief Financial Officer	NKPIs	National Key Performance Indicators
MM	Municipal Manager	OHS	Occupational Health and Safety
CPI	Consumer Price Index	OP	Operational Plan
CRRF	Capital Replacement Reserve Fund	PBO	Public Benefit Organizations
DBSA	Development Bank of South Africa	PHC	Provincial Health Care
DORA	Division of Revenue Act	PMS	Performance Management System
DWA	Department of Water Affairs	PPE	Property Plant and Equipment
EE	Employment Equity	PPP	Public Private Partnership
EEDSM	Energy Efficiency Demand Side Management	PTIS	Public Transport Infrastructure System
EM	Executive Mayor	RG	Restructuring Grant
FBS	Free Basic Services	RSC	Regional Services Council
GAMAP	Generally Accepted Municipal Accounting Practice	SALGA	South African Local Government Association
GDP	Gross Domestic Product	SAPS	South African Police Services
GDS	Rustenburg Growth and Domestic Strategy	SDBIP	Service Delivery Budget Implementation Plan
GFS	Government Financial Statistics	SMME	Small Micro and Medium Enterprises
GRAP	General Recognized Accounting Practice	RLM	Rustenburg Local Municipality
HR	Human Resources		
HSRC	Human Science Research Council		
IDP	Integrated Development Plan		
IT	Information Technology		
Kl	Kilolitre		
Km	Kilometer		
KPA	Key Performance Area		
KPI	Key Performance Indicator		
kWh	Kilowatt		
l	Litre		
LED	Local Economic Development		
MEC	Member of Executive Council		
MFMA	Municipal Financial Management Act		
MIG	Municipal Infrastructure Grant		
MMC	Member of Mayoral Council		
MPRA	Municipal Property Rates Act		
MSA	Municipal Systems Act		

FINAL BUDGET 2012/2013 MEDIUM TERM INCOME AND EXPENDITURE

FRAMEWORK: (MTREF):

(Directorate: Budget and Treasury Office)

1. EXECUTIVE SUMMARY

3.1 Background

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and "nice to have" items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. A service provider for debt collection was appointed to collect outstanding amounts. National Treasury's MFMA Circular No. 48, 51, 54 and 58 were used to guide the compilation of the 2012/13 MTREF.

The main challenges experienced during the compilation of the 2012/13 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Rand Water, Magalies water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff, as well as the need to fill critical vacancies;

The following budget principles and guidelines directly informed the compilation of the 2012/13 MTREF:

- The 2011/12 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2012/13 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases not exceeding inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

- There will be no budget allocated to National and Provincial funded projects unless the necessary grants to the municipality are reflected in the National and Provincial budget and have been gazetted as required by the annual Division of Revenue Act;

The following table is a consolidated overview of the proposed 2012/13 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2012/13 MTREF

R thousand	Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Total Operating Revenue	2,277,812	2,685,773	2,944,899	3,203,411
Total Operating Expenditure	2,277,493	2,587,146	2,850,656	3,195,544
Deficit / Surplus for the year	319	98,627	94,243	7,866
Total Capital Expenditure	528,576	888,773	782,758	1,019,514

Total operating revenue has grown by 15.19 (%) per cent or R407,9 million for the 2012/13 financial year when compared to the 2011/12 Adjustments Budget. For the two outer years, operational revenue will increase by 8.80 and 8.07 (%) per cent respectively, equating to a total revenue growth of R517.6 million over the MTREF when compared to the 2012/13 financial year. Total operating expenditure for the 2011/12 financial year has been appropriated at R2.587 billion and translates into a budgeted surplus of R98,6 million. When compared to the 2012/13 Adjustments Budget, operational expenditure has grown by 11.97 per cent in the 2012/13 budget and by 9.24 and 10.79 (%) per cent for each of the respective outer years of the MTREF. The operating surplus for the 2012/13 financial year increases to R98,6 million. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R888,7 million for 2012/13 is 40.53 (%) per cent more when compared to the 2011/12 Adjustment Budget. A substantial portion of the capital budget will be funded from grants over MTREF in each of the financial years of the MTREF. The balance will be funded from internally generated funds.

1.4 Operating Revenue Framework

For RLM to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in Rustenburg and continued economic development;

- Efficient revenue management, which aims to ensure a 95.9 (%) per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a summary of the 2012/13 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	
Revenue By Source											
Property rates - Property rates - penalties & collection charges	105,052	138,747	155,576	156,519	161,019	161,019	161,019	179,459	199,813	218,445	
Service charges - electricity revenue	507,674	843,632	1,006,584	1,260,271	1,264,128	1,264,128	1,264,128	1,437,891	1,636,200	1,890,596	
Service charges - water revenue	181,061	194,499	238,063	267,388	269,191	269,191	269,191	294,982	323,439	354,492	
Service charges - sanitation revenue	38,160	43,096	56,414	64,116	63,773	63,773	63,773	70,592	79,110	88,145	
Service charges - refuse revenue	41,637	48,138	64,348	66,540	66,545	66,545	66,545	73,782	81,961	90,669	
Service charges - other	92	94	79	106	1,007	1,007	1,007	1,057	1,110	1,165	
Rental of facilities and equipment	22,795	23,030	5,873	10,077	9,785	9,785	9,785	10,109	10,432	10,770	
Interest earned - external investments	71,884	41,765	40,000	33,334	40,000	40,000	40,000	75,322	79,088	93,042	
Interest earned - outstanding debtors	64,807	70,945	100,187	63,490	70,016	70,016	70,016	88,598	84,332	82,284	
Dividends received	14	14	-	-	-	-	-	-	-	-	
Fines											

Licences and permits	3,872	1,488	2,571	7,250	6,073	6,073	6,073	7,417	7,769	8,142
Agency services	5,884	7,786	8,650	9,056	9,056	9,056	9,056	1,844	2,408	2,820
Transfers recognised operational	9,523	13,705	12,591	14,704	14,704	14,704	14,704	13,531	16,205	16,915
-	587,854	445,952	308,453	258,944	266,598	266,598	266,598	282,915	292,712	313,968
Other revenue	25,012	28,096	19,456	34,595	35,838	35,838	35,838	24,768	26,120	27,548
Gains on disposal of PPE	7,738	17,358	1,441	-	80	80	80	123,506	104,200	4,410
Total Revenue (excluding capital transfers and contributions)	1,673,059	1,918,344	2,020,288	2,246,389	2,277,812	2,277,812	2,277,812	2,685,773	2,944,899	3,203,411

Table 3 Percentage growth in revenue by main revenue source

Description	2012/13 Medium Term Revenue & Expenditure Framework							
	Adjusted Budget	%	Budget Year 2012/13	%	Budget Year +1 2013/14	%	Budget Year +2 2014/15	%
Revenue By Source								
Property rates	161,019	7.07	179,459	6.68	199,813	6.79	218,445	6.82
Property rates - penalties & collection charges								
Service charges - electricity revenue	1,264,128	55.50	1,437,891	53.54	1,636,200	55.56	1,890,596	59.02
Service charges -								11.07

water revenue	269,191	11.82	294,982	10.98	323,439	10.98	354,492	
Service charges - sanitation revenue	63,773	2.80	70,592	2.63	79,110	2.69	88,145	2.75
Service charges - refuse revenue	66,545	2.92	73,782	2.75	81,961	2.78	90,669	2.83
Service charges - other	1,007	0.04	1,057	0.04	1,110	0.04	1,165	0.04
Rental of facilities and equipment	9,785	0.43	10,109	0.38	10,432	0.35	10,770	0.34
Interest earned - external investments	40,000	1.76	75,322	2.80	79,088	2.69	93,042	2.90
Interest earned - outstanding debtors	70,016	3.07	88,598	3.30	84,332	2.86	82,284	2.57
Dividends received	-	-	-	-	-	-	-	-
Fines	6,073	0.27	7,417	0.28	7,769	0.26	8,142	0.25
Licences and permits	9,056	0.40	1,844	0.07	2,408	0.08	2,820	0.09
Agency services	14,704	0.65	13,531	0.50	16,205	0.55	16,915	0.53
Transfers recognised operational	266,598	11.70	282,915	10.53	292,712	9.94	313,968	9.80
Other revenue	35,838	1.57	24,768	0.92	26,120	0.89	27,548	0.86
Gains on disposal of PPE	80	0.00	123,506	4.60	104,200	3.54	4,410	0.14
Total Revenue (excluding capital transfers and contributions)	2,277,812	100.00	2,685,773	100.00	2,944,899	100.00	3,203,411	100.00

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2011/12 financial year, revenue from rates and services charges totaled R1.8 billion or 80.11 (%) per cent. This increases to R2 billion, R2.3 billion and R2.6 billion in the respective financial years of the MTREF.

A notable trend is the increase in the total percentage revenue generated from rates and services charges which increases from 76 (%) per cent in 2012/13 to 82.49 per cent in 2014/15. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Revenue source of electricity is totaling to 53.54 (%) per cent or R1.4 billion.

Water is the second largest revenue source totaling 10.98 (%) per cent or R294 million. The third largest revenue source is operational grants and it is 10.53 (%) per cent or R282,9 million and followed by property rates 6.68 (%) per cent or 179 million rand. . The fifth is gains on disposal of PPE. RLM intend to sell stands to community. The revenue generated from the sale of stands will be ring fenced to fund the bulk services. The revenue will be transferred to CRRF. The projected revenue is R119 million for 2012/2013 and R100 million for 2013/2014.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
RECEIPTS: <u>Operating Transfers and Grants</u> National Government: Local Government Equitable Share Finance Management Municipal Systems Improvement Water Services Operating Subsidy 2010 FIFA World Cup Operating Electricity Demand Side Management PMU,EPWP,NDPG,FIFA, PTIS Provincial Government: Health subsidy Sport and Recreation	370,665	276,783	284,683	265,913	260,671	260,671	278,740	290,882	312,083
	131,308	164,274	206,740	231,669	231,669	231,669	256,520	274,824	295,354
	626	750	1,000	1,150	1,250	1,250	1,500	1,500	1,500
	540	734	750	790	290	290	800	900	950
	—	1,144	1,050	606	606	606	3,564	5,000	5,000
	15,318	18,889	—	—	—	—	—	—	—
		3,000	4,000	9,000	—	—	—	—	—
	222,873	87,992	71,143	22,698	26,856	26,856	16,356	8,658	9,279
	13,353	5,393	676	1,598	—	—	4,175	1,830	1,885
	252	450		300	—	—	—	—	—
	8,600	1,200	676	248	—	—	670	670	670

Housing	-	3,603	-	-	-	-	-	-	-	-
NDMS(FIRE),LG-SETA, Skills Levy	4,500	139	-	1,050	-	-	3,505	1,160	1,215	-
District Municipality:	-	-	-	-	1,360	1,360	-	-	-	-
<i>Bojanala District Municipality</i>					1,360	1,360				
Other grant providers:	21,676	2,463	12,970	11	-	-	-	-	-	-
<i>Standard Bank donation</i>	19,666	10		11	-	-		-	-	-
<i>Other</i>	2,010	2,453	12,970		-	-				
Total Operating Transfers and Grants	405,694	284,639	298,329	267,522	262,031	262,031	282,915	292,712	313,968	

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom, Magalies Water and Rand Water bulk tariffs are far beyond the mentioned inflation target at 13.5 (%) per cent. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and water and in these tariffs are largely outside the control of the municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Rustenburg Local Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Rustenburg Local Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

1.4.2 Sale of Water and Impact of Tariff Increases

The revision in the water tariff is necessitated by the high demand of water in relation to the municipal aging water infrastructure, the cost of maintaining the water purification plants, water networks and the cost associated with the reticulation expansion:

Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and are designed to encourage efficient and sustainable consumption.

Rand Water has increased its bulk tariffs with 13.5 (%) per cent from 1 July 2012. Considering the Rand water and Magalies Water increases, the consumer tariff had to be increased by 5(%) per cent from any consumer who uses more than 26 kl, to offset the additional bulk purchase cost from 1 July 2012.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 5 Proposed Water

TARR IF ID	TARRIF DESCRIPTION	OLD TARRI F R	CURRE NT TARRIF R	propos ed 2012/1 3 R	INCREA SE R	% INCREA SE
AA	RESIDENTIAL 1(0-12kl)	7.8600	8.88	8.8818	0.00	0.00
AA	RESIDENTIAL 1(13 - 25)	9.0700	10.25	10.249 1	0.00	0.00
AA	RESIDENTIAL 1(26 - 40kl)	9.9000	11.19	12.082 0	0.89	8.00
AA	RESIDENTIAL 1(41 - 60kl)	10.8000	12.20	13.302 4	1.10	9.00
AA	RESIDENTIAL 1(61 kl +)	11.6900	13.21	14.398 6	1.19	9.00
AB	RESIDENTIAL 1	7.8600	8.88	8.8818	0.00	0.00
AB	RESIDENTIAL 1	9.0700	10.25	10.249 1	0.00	0.00
AB	RESIDENTIAL 1	9.9000	11.19	12.082 0	0.89	8.00
AB	RESIDENTIAL 1	10.8000	12.20	13.302 4	1.10	9.00
AB	RESIDENTIAL 1	11.6900	13.21	14.398 6	1.19	9.00
BA	RESIDENTIAL 2-4	7.8600	8.88	8.8818	0.00	0.00
BA	RESIDENTIAL 2-4	9.0700	10.25	10.249 1	0.00	0.00
BA	RESIDENTIAL 2-4	9.9000	11.19	12.082 0	0.89	8.00

BA	RESIDENTIAL 2-4	10.8000	12.20	13.302 4	1.10	9.00
BA	RESIDENTIAL 2-4	11.6900	13.21	14.398 6	1.19	9.00
CA	BUSINESS/COMMERCIAL	9.7800	11.05	12.488 1	1.44	13.00
CB	BUSINESS	9.7800	11.05	12.488 1	1.44	13.00
DA	INDUSTRIAL	9.7800	11.05	12.046 0	0.99	9.00
EA	GOVERNMENT	9.7800	11.05	12.046 0	0.99	9.00
EB	WATER SUPPLIER	9.7800	11.05	12.046 0	0.99	9.00
FA	CHURCH	9.7800	11.05	11.604 0	0.55	5.00
GA	EDUCATIONAL	9.7800	11.05	11.604 0	0.55	5.00
HA	HIRING	9.7800	11.05	12.046 0	0.99	9.00
HB	BOSPOORT	9.7800	11.05	11.604 0	0.55	5.00
IA	AGRICULTURAL RES 1	7.8600	8.88	8.8818	0.00	0.00
IA	AGRICULTURAL RES 1	9.0700	10.25	10.249 1	0.00	0.00
IA	AGRICULTURAL RES 1	9.9000	11.19	11.746 4	0.56	5.00
IA	AGRICULTURAL RES 1	10.8000	12.20	13.302 4	1.10	9.00
IA	AGRICULTURAL RES 1	11.6900	13.21	14.398 6	1.19	9.00

IB	AGRICULTURAL BUS/COMM	9.7800	11.05	12.046 0	0.99	9.00
IC	AGRICULTURAL INDUSTRIAL	9.7800	11.05	12.046 0	0.99	9.00
JA	MUNICIPAL	9.7800	11.05	11.604 0	0.55	5.00
RB	REBATE WATER CONSUMPTION - 6kl	0.0000	0.00	-	0.00	0.00
SP	SPECIAL	7.8600	8.88	9.6812	0.80	9.00

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 13.5 (%) per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2012. Considering the Eskom increases, the consumer tariff had to be increased by 11.03 (%) per cent to offset the additional bulk purchase cost from 1 July 2012.

Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity. Registered indigents will again be granted 50 kWh per 30-day period free of charge.

It should further be noted that Rustenburg Local Municipality will use a stepped tariff structure to be implemented from 1 July 2012. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Rustenburg Local Municipality. The upgrading of the municipality's *electricity network has therefore become a strategic priority, especially the substations and transmission lines.*

The approved budget for the Electrical department can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply).

1.4.4 Sanitation and Impact of Tariff Increases

There is a 5 (%) per cent increase for residential and business for sanitation from 1 July 2012 and there 9 (%) per cent increase for industrial, hotel and hospitals. This is based on the input cost assumptions related to water.

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;

The following table compares the current and proposed tariffs:

Table 6 Comparison

TARIFF	TARIFF DESCRIPTION	OLD TARIFF R	CURRENT TARIFF R	proposed 2012/13 R	INCREASE R	% INCREASE
	RESIDENTIAL 1	83.3400	94.17	98.8829	4.71	5.00
	RESIDENTIAL 2-4	83.3400	94.17	98.8829	4.71	5.00
	BUSINESS/COMMERCIAL	83.3400	94.17	98.8829	4.71	5.00
	PRIVATE HOTEL/BOARDING HOUSE	83.3400	94.17	102.6499	8.48	9.00
	HOTEL INTERMS LIQUOR ACT 1928	83.3400	94.17	102.6499	8.48	9.00
	HOSPITAL/NURSING/MATERNITY	83.3400	94.17	102.6499	8.48	9.00
	AMATEUR SPORT CLUB	83.3400	94.17	102.6499	8.48	9.00
	INDUSTRIAL	83.3400	94.17	102.6499	8.48	9.00
	CORRECTIONAL SERVICES	83.3400	94.17	102.6499	8.48	9.00
	CHURCH	83.3400	94.17	98.8829	4.71	5.00
	CHURCH AND OTHER HALL	83.3400	94.17	98.8829	4.71	5.00
	DAY CARE SCHOOL	83.3400	94.17	102.6499	8.48	9.00
	HOSTEL/BOARDING SCHOOL	83.3400	94.17	102.6499	8.48	9.00
	AGRICULTURAL	83.3400	94.17	94.1742	-	0.00
	PUBLIC AMENITIES	83.3400	94.17	98.8829	4.71	5.00
	BUILDING SITES	83.3400	94.17	102.6499	8.48	9.00
	MONNAKATO	83.3400	94.17	94.1742	-	0.00

1.4.5 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a surplus.

A five (5 %) per cent increase for residential in the waste removal tariff is proposed from 1 July 2012. Higher increases will not be viable in 2012/13 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6(%) per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2012:

Table 7 Comparison

AA	STD CONTAINER 1 X WEEK RES 1	81.9300	86.85	91.1881	4.34	5.00
BA	STD CONTAINER 1 X WEEK RES 2-4	81.9300	86.85	91.1881	4.34	5.00
CA	STD CONTAINER 2 X WEEK BUS/COM	194.9300	206.63	221.0896	14.46	7.00
CB	BULK CONTAINER 1 X WEEK 1.5m3	1,094.6900	1,160.37	1,218.3900	58.02	5.00
CC	BULK CONTAINER ADD 1.5m3	953.4400	1,010.65	1,061.1787	50.53	5.00
CD	BULK CONTAINER 1 X WEEK 6m3	4,364.6300	4,626.51	4,857.8332	231.33	5.00
CE	BULK CONTAINER ADDITIONAL 6m3	3,375.8800	3,578.43	3,757.3544	178.92	5.00
CF	BULK CONTAINER 240L	217.5300	230.58	242.1109	11.53	5.00
CG	BULK CONTAINER ADD 240L	179.3900	190.15	199.6611	9.51	5.00
CH	BULK CONTAINER ADD 4m3 SKIP	374.3100	396.77	416.6070	19.84	5.00
CI	BULK CONTAINER ADD 6m3 SKIP	423.7500	449.18	471.6338	22.46	5.00
CJ	RENT BULK CONTAINER 240L	48.0300	50.91	53.4574	2.55	5.00
CK	RENT BULK CONTAINER 4m3 SKIP	423.7500	449.18	471.6338	22.46	5.00
CL	RENT BULK CONTAINER 6m3 SKIP	480.2500	509.07	534.5183	25.45	5.00
CN	RENTAL BULK CONTAINER 1.5m3	120.0600	127.26	133.6268	6.36	5.00
DA	INDUSTRIAL	93.2300	98.82	105.7415	6.92	7.00
EA	GOVERNMENT	81.9300	86.85	91.1881	4.34	5.00
FA	CHURCH	81.9300	86.85	91.1881	4.34	5.00

GA	EDUCATIONAL	81.9300	86.85	91.1881	4.34	5.00
HA	MINING	81.9300	86.85	92.9250	6.08	7.00
IA	AGRICULTURAL	1,101.7500	1,167.86	1,226.2478	58.39	5.00
JA	MUNICIPAL	81.9300	86.85	91.1881	4.34	5.00
KA	SPECIAL	649.7500	688.74	736.9465	48.21	7.00
KD	CARCASS REMOVAL	186.4500	197.64	207.5189	9.88	5.00
MA	MARIKANA RESIDENTIAL	81.9300	86.85	91.1881	4.34	5.00
MC	MARIKANA BUSINESS	194.9300	206.63	221.0896	14.46	7.00
	DISPOSAL FEE per 500kg			60.0000		
NA	MONNAKATO RESIDENTIAL	81.9300	86.85	91.1881	4.34	5.00
	Purchase of wheelbin 240litre			500.0000		
	Purchase of wheelbin 770litre			3,000.0000		
	Purchase of wheelbin 1100litre			4,500.0000		
	Rental of wheelbin 770 litre			100.0000		
	Rental of wheelbin 1100litre			127.0000		
	Rental of waste Depot Training Hall			750.0000		
	Waste Transport permit per annum			160.0000		
SP	SPECIAL	81.9300	86.85	91.1881	4.34	5.00

1.5.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept at 5.3 per cent.

Table 8 MBRR Table SA14 – Household bills

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13 % incr.	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Rand/cent										
Monthly Account for Household - 'Middle Income Range' Rates and services charges:										
Property rates	177.43	363.00	396.00	419.76	419.76	419.76	5.0%	440.75	462.79	485.92
Electricity:	107.68	144.29	171.71	183.73	183.73	183.73	-	200.32	210.34	220.85
Basic levy	431.00	577.50	687.23	827.29	827.29	827.29	11.0%	918.54	1,019.86	1,132.35
Electricity: Consumption	33.50	36.28	42.81	45.38	45.38	45.38	5.0%	47.65	50.03	52.53
Water: Basic levy	204.85	221.85	261.79	295.82	295.82	295.82	5.0%	304.22	313.04	322.30
Water: Consumption	59.00	66.67	83.34	94.17	94.17	94.17	5.0%	98.88	103.82	109.01
Sanitation	58.00	65.54	81.93	86.85	86.85	86.85	5.0%	91.19	95.75	99.91
Refuse removal	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-

sub-total on	1,071.46	1,475.13	1,724.81	1,953.00	1,953.00	1,953.00	7.6%	2,101.55	2,255.62	2,422.88
VAT	125.16	155.70	186.03	214.65	214.65	214.65	14.0%	243.22	276.86	316.56
Services										
Total large household bill:	1,196.62	1,630.83	1,910.84	2,167.65	2,167.65	2,167.65	8.2%	2,344.77	2,532.48	2,739.43
% increase/-		36.3%	17.2%	13.4%	-	-		8.2%	8.0%	8.2%
decrease										
Monthly Account for Household - 'Affordable Range' Rates and services charges:										
Property rates	26.43	124.67	136.00	144.16	144.16	144.16	5.0%	146.92	154.26	161.97
Electricity:										
Basic levy	107.68	144.29	171.71	183.73	183.73	183.73	-	200.32	210.34	220.85
Electricity:	129.30	173.25	206.17	248.19	248.19	248.19	11.0%	45.93	50.99	56.62
Consumption										
Water: Basic	33.50	36.28	42.81	45.38	45.38	45.38	5.0%	47.65	50.03	52.53
levy										
Water:	73.80	79.93	94.31	106.57	106.57	106.57	-	106.56	111.89	117.48
Consumption										
Sanitation	59.00	66.67	83.34	94.17	94.17	94.17	5.0%	98.88	103.82	109.01
Refuse removal	58.00	65.54	81.93	86.85	86.85	86.85	5.0%	91.19	95.75	99.91
Other	-	-	-	-	-	-	-	-	-	-

sub-total on	487.71	690.63	816.27	909.05	909.05	(18.9%)	737.44	777.08	818.38
VAT	64.58	98.40	95.41	107.08	107.08	14.0%	82.67	87.19	91.90
Services									
Total small household bill:	552.29	789.03	911.68	1,016.13	1,016.13	(19.3%)	820.12	864.28	910.28
% increase/-		42.9%	15.5%	11.5%	-		(19.3%)	5.4%	5.3%
decrease		-0.64	-0.26	-1.00	-				
Monthly Account for Household 'Indigent' Household receiving free basic services									
Rates and services charges:	26.43	124.67	136.00	144.16	144.16	5.0%	146.92	154.26	161.97
Property rates									
Electricity:	107.68	144.29	172.00	183.73	183.73	-	200.32	210.34	220.85
Basic levy			34.36	41.36	41.36	11.0%	45.93	50.99	56.62
Electricity:									
Consumption									
Water: Basic	33.50	36.28	43.00	45.38	45.38	5.0%	47.65	50.03	52.53
levy									
Water:	73.80	79.93	94.31	106.57	106.57	-	106.56	111.89	117.48
Consumption									
Sanitation	59.00	66.67	84.00	94.17	94.17	5.0%	98.88	103.82	109.01
Refuse removal	58.00	65.54	82.00	86.85	86.85	5.0%	91.19	95.75	99.91
Other	-	-	-	-	-	-			

sub-total VAT on Services	358.41	517.38	645.67	702.22 78.13	702.22 78.13	702.22 78.13	5.0% 14.0%	737.44	777.08	—	—
Total small household bill: % increase/- decrease	358.41	517.38	645.67	780.35	780.35	780.35	5.1%	82.67	87.19	91.90	818.38
		44.4%	24.8%	20.9%	—	—		5.1%	5.4%		5.3%

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2012/13 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;

Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;

- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plan no budget

The following table is a high level summary of the 2012/13 budget and MTREF (classified per main type of operating expenditure):

Table 9 Summary of operating expenditure by standard classification item

Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Revenue Framework			Medium Term Expenditure
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Expenditure By Type										
Employee related costs	244,584	173,979	273,973	318,570	329,726	329,726	329,726	403,055	427,824	454,374
Remuneration of councillors	15,532	16,908	208,889	21,301	22,746	22,746	22,746	23,785	25,688	27,713
Debt impairment	180,600	232,829	383,523	155,000	125,000	125,000	125,000	61,782	67,251	70,728
Depreciation & asset impairment	73,610	98,771	98,662	100,492	105,492	105,492	105,492	108,738	114,175	120,454
Finance charges	14,467	13,300	12,875	19,833	25,854	25,854	25,854	11,914	25,190	37,943
Bulk purchases	478,585	783,019	946,857	1,251,584	1,256,584	1,256,584	1,256,584	1,459,248	1,695,381	1,970,632
Other materials	28,534	28,967	30,528	71,996	68,076	68,076	68,076	127,892	135,498	150,555
Contracted services	60,469	69,355	85,352	101,789	117,335	117,335	117,335	141,377	137,656	133,090
Transfers and grants	-	-	-	-	-	-	-	289	291	300
Other expenditure	418,023	344,180	167,047	202,099	226,682	226,682	226,682	249,065	221,702	229,754
Loss on disposal of PPE										
Total Expenditure	1,514,404	1,761,308	2,207,707	2,242,663	2,277,493	2,277,493	2,277,493	2,587,146	2,850,656	3,195,544

The budgeted allocation for **employee related costs** for the 2012/13 financial year totals R403 million, which equals 15.60 (%) per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 7 (%) per cent for the 2012/13 financial year. In order to prioritise filling of critical positions an additional 8 and 3 (%) per cent is provided for filling managerial positions and the growth of the city in line with service delivery imperatives. An annual increase of 5.78 and 5.84 (%) per cent has been included in the two outer years of the MTREF.

As part of the municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. There is an inclusion of R50 million in the 2012/13 and the two outer years relating to critical and strategically important vacancies. When the R50 million of filling of vacancy is excluded there is a standard increase of 7 per cent for 2012/13 MTREF. Circular 58 of MFMA recommended an increase of 5% based on CPI. RLM has made a provision of 5% of CPI plus 2 (%) per cent. It should be noted that the total financial implication could not be determined because an agreement between SALGBC and unions with regard to the salary increase is not reached yet.

The cost associated with the **remuneration of councilors** is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Rustenburg local Municipality's budget.

The **provision of debt impairment** was determined based on an annual collection rate of 95, 9 per cent and the Debt Write-off Policy of Rustenburg local municipality. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R108 million for the 2012/13 financial and equates to 4.2 (%) per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 0.46 per cent (R11 million) of operating expenditure.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Rand Water and Magalies water. The annual price increases have been factored into the budget *appropriations and directly inform the revenue provisions. The expenditures include distribution losses.* Budget appropriations in this regard total R1,4 billion for the 2012/13 financial and it is an increase of 13,88 per cent per year. There is an increase of 13,5 percent for Eskom, Rand water and Magalies respectively. The electricity purchase for Xstrata is sold at cost price and it doesn't generate revenue. RLM is buying electricity at 13.5 per cent from Eskom and it will sell it at 13.5 per cent to Xstrata.

Other materials comprise of amongst others the materials for maintenance. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the RLM infrastructure. For 2012/13 the appropriation against this group of expenditure has grown by 46.77 per cent (R127.8 million) and is at 5.6 and 10 (%) for the outer years.

Contracted services have been identified as a cost saving area for the Rustenburg local Municipality. As part of the compilation of the 2012/13 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2012/13 budget year, this group of expenditure totals R141 million. For the two outer years has decreased to 2.7 and 3.4 (%) per cent.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which savings and efficiencies can be achieved. There is a decrease of 8,9 (%) percent as compared to adjusted budget. Growth has been curbed at 4 (%) per cent for 2014/2015 financial year, indicating that significant cost savings have been already realised. On the general expenses description, there is a provision of R20 million for Africa cup of nations for soccer.

The following table gives a breakdown of the main expenditure categories for the 2012/13 financial year.

Table 10

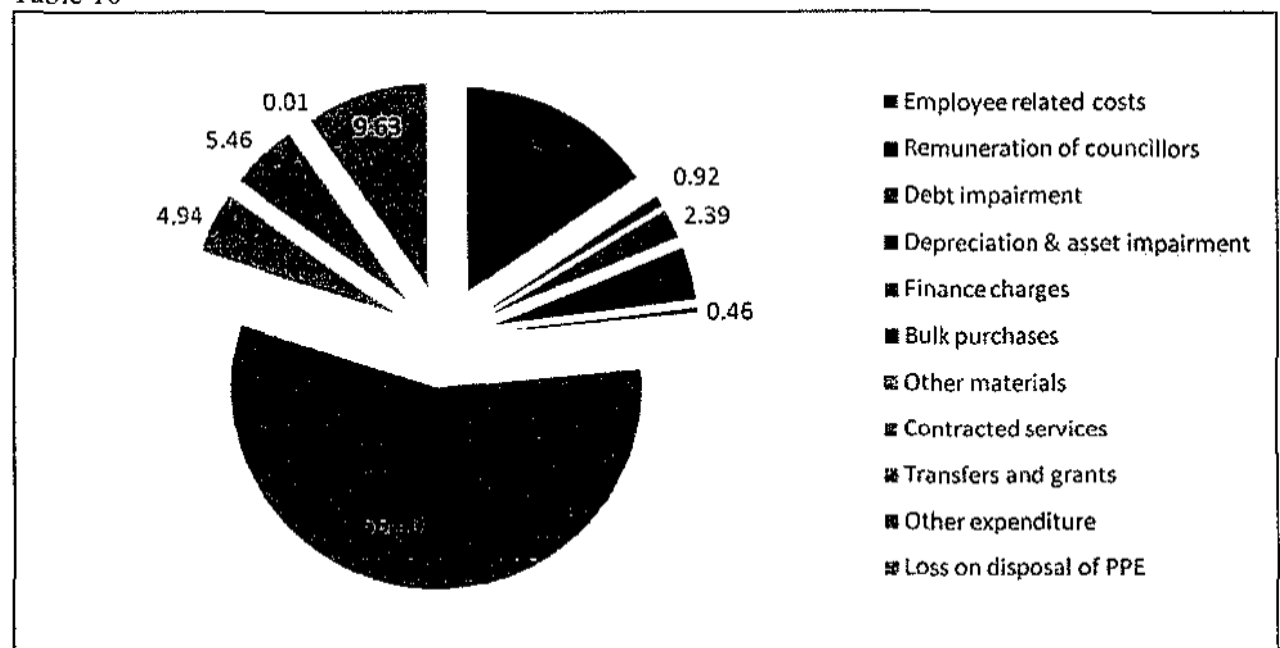


Figure 1 Main operational expenditure categories for the 2012/13 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the RLM's current infrastructure, the 2012/13 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 11 Operational repairs and maintenance

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
Other materials	28,534	28,967	30,528	71,996	68,076	68,076	68,076	127,892	135,498	150,555
Total	28,534	28,967	30,528	71,996	68,076	68,076	68,076	127,892	135,498	150,555

During the compilation of the 2012/13 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Rustenburg local Municipality infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by 46.7 per cent in the 2012/13 financial year, from R68 million to R127.8 million. In relation to the total operating expenditure, repairs and maintenance comprises of 4.94, 4.75 and 4.71 (%) per cent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 12 Repairs and maintenance per asset class

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	
R thousand										
Depreciation & asset impairment	73,610	98,771	98,662	100,492	105,492	105,492	108,738	114,175	120,454	
Infrastructure - Road transport	6,663,579	5,989,156	-	15,819,700	15,557,000	15,557,000	24,670,400	26,053,850	27,573,100	
Infrastructure - Electricity	6,034,585	5,382,210	-	13,148,296	11,987,474	11,987,474	30,152,650	36,375,889	42,646,685	

Infrastructure - Water	-	4,093,732	5,313,245	-		22,106,745	14,814,230	14,814,230	23,584,600	29,307,150	30,033,800
Infrastructure - Sanitation	-	687,188	823,064	-		6,508,700	3,248,104	3,248,104	13,079,200	13,270,500	13,379,957
Infrastructure - Other	-	3,934,627	3,967,338	-		4,250,000	4,250,000	4,250,000	5,650,000	5,941,000	6,254,500
Total Infrastructure	2	21,413,712	21,475,013	-		61,833,441	49,856,808	49,856,808	97,136,850	110,948,389	119,888,042
Community Investment properties		2,591,071	2,857,343	-		4,047,190	4,644,002	4,644,002	11,563,690	5,919,241	6,548,480
Other assets		4,154,549	4,240,695	30,528,130		5,461,915	12,921,736	12,921,736	19,191,819	18,630,025	19,118,367
Total expenditure - R thousand		28,534	149,213	129,190		234,321	223,424	223,424	333,767	360,621	385,897

For the 2012/13 financial year, 75.95 per cent or R97 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling 31 per cent (R30 million), followed by road infrastructure at 25.4 per cent (R24.6 million), water at 24.28 per cent (R23.5 million) and sanitation at 13.46 per cent (R13 million). Community assets have been allocated R11, 5 million of total repairs and maintenance equating to 0.09 per cent.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the RLM Indigent Policy. The cost of the social package of the registered indigent households is largely financed by National government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 13 2012/13 Medium-term capital budget per vote

Vote Description R thousand			2012/13 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2012/13	%	Budget Year +1 2013/14	%	Budget Year +2 2014/15	%
<u>Capital Expenditure - Standard</u>								
<i>Governance and administration</i>	192,824	36.48	332,423	37.40	331,348	42.33	599,826	58.83
Executive council	186,965	35.37	330,479	37.18	330,826	42.26	599,314	58.78
Budget and treasury office	5,338	1.01	256	0.03	—	—	—	—
Corporate services	520	0.10	1,688	0.19	522	0.07	512	0.05
<i>Community and public safety</i>	22,325	4.22	14,134	1.59	12,035	1.54	14,042	1.38
Community and social services	1,951	0.37	4,074	0.46	3,340	0.43	3,424	0.34
Sport and recreation	—	—	1,650	0.19	1,300	0.17	1,550	0.15
Public safety	20,373	3.85	8,070	0.91	7,395	0.94	9,068	0.89
Housing	—	—	340	0.04	—	—	—	—
Health	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>	142,975	27.05	202,439	22.78	145,988	18.65	183,481	18.00
Planning and development	3,706	0.70	39,115	4.40	17,588	2.25	23,281	2.28
Road transport								

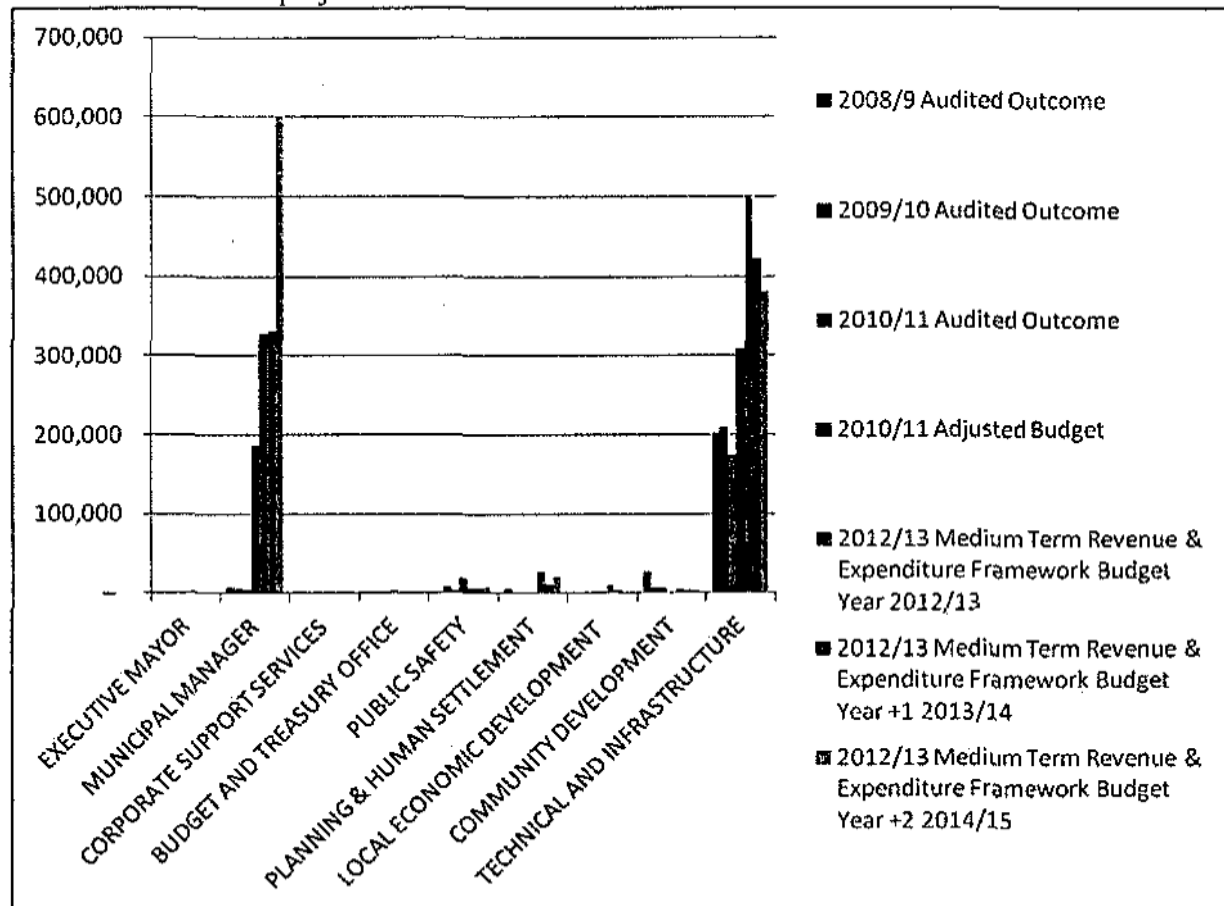
	139,269	26.35	163,124	18.35	128,200	16.38	160,000	15.69
Environmental protection	—	-	200	0.02	200	0.03	200	0.02
<i>Trading services</i>	145,650	27.56	323,367	36.38	232,267	29.67	194,065	19.04
Electricity	63,706	12.05	124,457	14.00	61,370	7.84	44,594	4.37
Water	24,262	4.59	52,920	5.95	62,750	8.02	41,323	4.05
Waste water management	24,548	4.64	106,700	12.01	41,000	5.24	76,000	7.45
Waste management	33,134	6.27	39,290	4.42	67,147	8.58	32,148	3.15
<i>Other</i>	24,803	4.69	16,409	1.85	61,120	7.81	28,100	2.76
Total Capital Expenditure - Standard	528,576	100.00	888,773	100.00	782,758	100.00	1,019,514	100.00

For 2012/13 more than R323 million has been appropriated for the development of infrastructure which represents 36.38 (%) per cent of the total capital budget. In the outer years this amount totals R232.2 million, 29.67(%) per cent and R194 million, 19.04 (%) per cent respectively for each of the financial years. Office of the executive and council received the highest allocation of R330.4 million mainly because of PTSI grant received for the project of Rustenburg Rapid transport. Transport and roads receives the second highest allocation of R163 million in 2012/13 which equates to 18.35 (%) per cent followed by electricity infrastructure at 14 (%) per cent, and then waste water at 12.01 (%) per cent.

Total new assets represent 94.01 (%) per cent or R835,52 million of the total capital budget while asset renewal equates to 5.99 (%) per cent or R53.2 million. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Rustenburg Rapid Transport – R300.1 million;
- Installation of pre-paid meters – R24,5 million
- Land acquisition – R27.6 million;
- Flea market: CBD – R6 million;
- Construction of booster pumpstation - R6 million;
- Bokamoso water reticulation – R 7 million;
- Installation of yard connection Rustenburg x 26 – R2 million;
- Installation of sewer reticulation – R57 million;
- Backlog eradication of storm water drainage and roads – R105.1 million;
- Construction of waterfall landfill side – R20 million; and
- Extension of CCTV monitoring unit – R3.5 million.

Furthermore Table SA36 contains a detail breakdown of the capital budget per project over the medium-term. The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.



The following is the list of unspent funds that must be carried over. The roll over's are only for Capital Replacement Reserve. It is recommended that Council must approve the carry over's of CRR. The total amount of carry over's for CRR is R34 million. All the conditional grant that will be unspent at year end must be applied to National Treasury to be rolled over. The conditional grants will be carried over once the letter of approval is received from National Treasury.

Dept	Item	Vote	Funding Source	IDP	Ward	Priority	Description	Carry Over
406	105		CRR	1	All	B	Upgrading of power factor correction equipment	1 400 000
406	105		CRR	1			Electricity connections - Rustenburg areas	5 000 000
409	309		CRR	1	All	C	Airconditioners	1 355 000
409			CRR	1	All		CAT 930 Front end Loader - Waste	1 642 465
409			CRR	1	All		Water Tanker - Water Services	13 330
409			CRR	1	All		2 x Sedans - Infrastructure & Housing	425 000
409			CRR	1	All		1400 Bakkie for Prepaid Section - Electrical	200 000
409			CRR	1	All		2 x Tipper Trucks - Roads & Stormwater	1 200 000
409			CRR	1	All		Replacement of 3 Cabstars - Roads & Stormwater	423 285
425			CRR	1	All		Sealing of new roads	1 233 665
425			CRR	1	All		Seraleng - Upgrading of roads and stormwater	3 000 000
428			CRR	1	All		Upgrading of outfall sewer lines	1 669 297
455			CRR	1	All		Office furniture	1 000 000
429			CRR				Rehabilitation of water reticulation	3 490 509
429			CRR				Water pipe - cnr klopper and boven	4 500 000
409			CRR	1	All		2 x Cabstars - Sewer Reticulation	420 000
409			CRR	1	All		New Water Tanker - Water Services	1 310 000
409			CRR	1	All		2 x Roll on Roll off Trucks - Waste	4 000 000
409			CRR	1	All		Replacement of side tipper - Waste	316 000
417	308		CRR	1	All	C	Partitioning of offices	833 331
417	308		CRR	1	All	C	Modernisation of lifts - Mpheni House	782 298
467			CRR	4	All		Upgrading of Kremetart	135 063
TOTAL								34 349 243

1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2012/13 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 14 MBRR Table A1 - Budget Summary

NW373 Rustenburg - Table A1 Budget Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousands										
Financial Performance										
Property rates	105 052	138 747	155 576	156 519	161 019	161 019	161 019	179 459	199 813	218 445
Service charges	768 624	1 129 459	1 365 489	1 658 420	1 664 643	1 664 643	1 664 643	1 878 303	2 121 820	2 425 067
Investment revenue	71 884	41 765	40 000	33 334	40 000	40 000	40 000	75 322	79 088	93 042
Transfers recognised - operational	587 854	445 952	308 453	258 944	268 598	268 598	268 598	282 915	292 712	313 968
Other own revenue	139 645	162 422	150 769	139 172	145 552	145 552	145 552	269 774	251 455	152 889
Total Revenue (excluding capital transfers and contributions)	1 673 059	1 918 344	2 020 288	2 246 389	2 277 812	2 277 812	2 277 812	2 685 773	2 944 699	3 203 411
Employee costs	244 584	173 979	273 973	318 570	329 726	329 726	329 726	403 055	427 824	454 374
Remuneration of councillors	15 532	16 908	208 889	21 301	22 746	22 746	22 746	23 785	25 688	27 713
Depreciation & asset impairment	73 610	98 771	98 662	100 492	105 492	105 492	105 492	108 738	114 175	120 454
Finance charges	14 467	13 300	12 875	19 833	25 854	25 854	25 854	11 914	25 190	37 943
Materials and bulk purchases	507 119	811 986	977 385	1 323 580	1 324 660	1 324 660	1 324 660	1 587 140	1 830 878	2 121 187
Transfers and grants	-	-	-	-	-	-	-	289	291	300
Other expenditure	659 092	646 364	635 922	458 887	469 017	469 017	469 017	452 224	426 609	433 572
Total Expenditure	1 514 404	1 761 308	2 207 707	2 242 863	2 277 493	2 277 493	2 277 493	2 587 146	2 850 656	3 195 544
Surplus/(Deficit)	158 655	157 036	(187 419)	3 726	319	319	319	98 627	94 243	7 866
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	158 655	157 036	(187 419)	3 726	319	319	319	98 627	94 243	7 866
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	158 655	157 036	(187 419)	3 726	319	319	319	98 627	94 243	7 866

Capital expenditure & funds sources										
Capital expenditure										
Transfers recognised - capital	249 216	237 330	194 265	496 605	528 576	528 576	528 576	888 773	782 758	1 019 514
Public contributions & donations	149 685	150 057	136 216	364 263	409 169	409 169	409 169	521 265	547 888	832 063
Borrowing	10 080	6 962	8 878	-	-	-	-	-	-	-
	50 000	-	-	80 000	-	-	-	-	131 320	111 162
		80								
Internally generated funds	39 450	311	49 171	52 342	119 407	119 407	119 407	367 508	103 571	76 289
Total sources of capital funds	249 216	237 330	194 265	496 605	528 576	528 576	528 576	888 773	782 758	1 019 514
Financial position										
Total current assets	802 147	799 297	485 044	970 426	945 499	945 499	945 499	933 114	983 909	1 036 969
Total non current assets	1 095 055	1 302 564	1 801 603	1 290 709	1 285 709	1 285 709	1 285 709	1 832 136	2 300 458	3 000 253
Total current liabilities	348 979	414 526	427 809	420 089	312 513	312 513	312 513	363 845	385 846	409 201
Total non current liabilities	291 526	205 411	216 688	343 350	339 350	339 350	339 350	211 944	339 550	316 905
Community wealth/Equity	1 256 697	1 481 923	1 642 150	1 497 696	1 579 344	1 579 344	1 579 344	2 189 462	2 558 971	3 311 116
Cash flows										
Net cash from (used) operating	247 734	174 379	327 954	512 761	480 668	480 668	480 668	386 173	411 951	720 744
Net cash from (used) investing	(176 390)	(219 197)	(367 610)	(278 389)	(228 028)	(228 028)	(227 028)	(833 833)	(677 374)	(813 362)
Net cash from (used) financing	111	(2 718)	1 351	80 207	4 207	4 207	4 207	2 086	121 800	101 606
Cash/cash equivalents at the year end	607 412	559 877	521 572	836 151	1 092 998	1 349 845	1 093 998	648 424	504 801	513 790
Cash backing/surplus reconciliation										
Cash and investments available	608 105	560 569	689 213	652 521	956 521	956 521	956 521	799 670	845 316	893 697
Application of cash and investments	657 286	645 938	844 604	622 396	810 662	810 662	810 662	790 851	829 694	869 934
Balance - surplus (shortfall)	(49 182)	(85 369)	(155 390)	30 125	145 859	145 859	145 859	8 819	15 622	23 763
Asset management										
Asset register summary (WDV)	862 969	956 593	1 233	1 544 258	-	-	-	-	-	-
Depreciation & asset impairment	73 610	98 771	98 662	100 492	105 492	105 492	105 492	108 738	114 175	120 454
Renewal of Existing Assets	114 356	314 282	-	10 484	10 484	10 484	10 484	53 273	82 432	41 321
Repairs and Maintenance	28 534	28 967	-	71 996	68 076	68 076	68 076	127 892	135 498	150 555

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget.

The Budget Summary provides the key information in this regard:

- a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
- b. *Capital expenditure is balanced by capital funding sources, of which*
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Budget Policy. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2012/13, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, *the municipality continues to make progress in addressing service delivery backlogs*. It is anticipated that by 2013/14 the water backlog will have been very nearly eliminated.

Standard Classification

Table 15 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	
Revenue - Standard										
<i>Municipal governance and administration</i>	610,470	463,196	367,328	292,010	315,122	315,122	389,353	403,296	436,313	
Executive council	599,102	455,073	355,589	275,794	297,839	297,839	193,562	186,336	199,921	
Mayor and Council	440,500	438,782	329,752	264,084	282,087	282,087	177,174	177,640	190,600	
<i>Municipal Manager</i>	158,602	16,292	25,836	11,709	15,753	15,753	16,388	8,696	9,322	
Budget and treasury office	8,819	5,584	8,310	13,208	14,164	14,164	192,534	213,540	232,802	
Corporate services	2,549	2,539	3,429	3,008	3,118	3,118	3,257	3,420	3,589	
Human Resources	971	1,365	1,051	1,275	1,275	1,275	1,332	1,396	1,462	
Information Technology	6	0	7	-	12	12	-	-	-	
Property Services	1,060	729	364	1,068	1,166	1,166	1,260	1,326	1,393	
Other Admin	512	444	2,008	665	665	665	665	699	734	
Community and public safety	25,874	15,164	11,234	13,698	14,774	14,774	18,273	16,673	17,485	

Community and social services	1,525	2,205	2,399	3,194	3,494	3,494	3,649	3,811	3,981
Libraries and Archives	183	511	301	819	847	847	816	823	831
Museums & Art Galleries etc		-	-	-	-	-	-	-	-
Community halls and Facilities	761	898	1,237	1,006	715	715	1,195	1,261	1,330
Cemeteries & Crematoriums	561	750	818	1,347	1,926	1,926	1,421	1,499	1,582
Child Care		-	-	-	-	-	-	-	-
Aged Care		-	-	-	-	-	-	-	-
Other Community	19	46	44	21	5	5	217	227	239
Other Social		-	-	-	-	-	-	-	-
Sport and recreation	1,397	332	1,187	1,497	1,537	1,537	1,301	1,323	1,346
Public safety	4,520	6,446	5,309	6,733	7,470	7,470	10,461	8,534	9,001
Police	3,978	1,609	2,861	6,571	7,345	7,345	7,828	8,267	8,720
Fire	504	1,933	2,448	163	125	125	2,633	267	281
Civil Defence		-	-	-	-	-	-	-	-
Street Lighting	-	2,904	-	-	-	-	-	-	-
Other	38	-	-	-	-	-	-	-	-
Housing	18,178	6,180	2,333	1,972	1,972	1,972	2,861	3,004	3,154

Health	253	1	6	302	302	302	2	2	2	2
Clinics	1	1	6	302	302	302	2	2	2	2
Ambulance		-	-	-	-	-	-	-	-	-
Other	252	-	-	-	-	-	-	-	-	-
Economic and environmental services	155,469	147,783	79,920	31,024	30,447	30,447	144,324	128,549	30,243	
Planning and development	9,549	23,153	6,427	7,464	5,994	5,994	128,614	109,580	10,131	
Economic Development/Planning	9,187	16,510	6,074	167	167	167	372	395	419	
Town Planning/Building enforcement	362	6,643	353	7,297	5,827	5,827	128,242	109,184	9,712	
Licensing & Regulation				-	-	-	-	-	-	
Road transport	145,907	123,328	73,490	23,557	23,596	23,596	15,706	18,966	20,109	
Roads	130,648	102,013	52,469	-	-	-	530	560	591	
Public Buses				-	-	-	-	-	-	
Parking Garages				-	-	-	-	-	-	
Vehicle Licensing and Testing	15,259	21,315	21,021	23,557	23,596	23,596	15,176	18,406	19,518	
Other		-	-	-	-	-	-	-	-	
Environmental protection	13	1,302	3	3	856	856	3	3	3	
Pollution Control	13	1,302	3	3	856	856	3	3	3	
Biodiversity & Landscape	-	-	-	-	-	-	-	-	-	

<i>Other</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	881,247	1,292,200	1,567,882	1,909,657	1,917,469	1,917,469	2,133,824	2,396,380	-	-	-	-	-
<i>Electricity</i>	527,541	911,793	1,038,087	1,312,277	1,315,019	1,315,019	1,473,358	1,674,161	-	-	-	2,719,370	1,931,346
<i>Electricity Distribution</i>	527,541	911,793	1,038,087	1,312,277	1,315,019	1,315,019	1,473,358	1,674,161	-	-	-	1,931,346	-
<i>Electricity Generation</i>													
<i>Water</i>	237,281	234,316	343,786	392,942	394,736	394,736	434,510	474,054	-	-	-	515,921	-
<i>Water Distribution</i>	237,281	234,316	343,786	392,942	394,736	394,736	434,510	474,054	-	-	-	515,921	-
<i>Water Storage</i>													
<i>Waste water management</i>	54,727	69,401	88,909	96,216	100,559	100,559	106,798	117,882	-	-	-	129,808	-
<i>Sewerage</i>	54,727	69,401	88,909	96,216	100,559	100,559	106,798	117,882	-	-	-	129,808	-
<i>Storm Water Management</i>													
<i>Public Toilets</i>													
<i>Waste management</i>	61,698	76,690	97,100	108,222	107,155	107,155	119,156	130,283	-	-	-	142,295	-
<i>Solid Waste</i>	61,698	76,690	97,100	108,222	107,155	107,155	119,156	130,283	-	-	-	142,295	-
<i>Other</i>	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Air Transport</i>													
<i>Abattoirs</i>													
<i>Tourism</i>													
<i>Forestry</i>													
<i>Markets</i>													
Total Revenue												3,203,411	

Standard	1,673,059	1,918,344	2,026,363	2,246,389	2,277,812	2,277,812	2,685,773	2,944,899	
Expenditure									
Standard									
<i>Municipal governance and administration</i>	396,775	201,089	466,319	308,330	333,266	333,266	411,082	395,131	407,930
Executive council	310,822	104,204	353,906	174,327	179,999	179,999	186,405	165,131	168,718
Mayor and Council	129,845	26,012	315,025	141,027	143,241	143,241	121,264	125,807	130,584
Municipal Manager	180,977	78,191	38,882	33,300	36,757	36,757	65,141	39,324	38,134
Budget and treasury office	39,343	39,277	47,869	65,070	70,656	70,656	116,710	113,703	114,697
Corporate services	46,611	57,608	64,544	68,933	82,611	82,611	107,968	116,297	124,515
Human Resources	9,124	10,262	11,991	12,693	15,343	15,343	14,596	15,629	16,591
Information Technology	3,361	3,928	3,990	6,529	7,109	7,109	6,559	6,926	7,115
Property Services	14,686	21,346	7,905	23,623	23,852	23,852	52,308	57,201	62,626
Other Admin	19,440	22,072	40,657	26,088	36,307	36,307	34,505	36,541	38,184
<i>Community and public safety</i>	140,578	149,241	161,262	166,634	184,064	184,064	202,975	207,010	221,385
Community social services	23,115	27,881	30,513	32,299	35,777	35,777	42,442	39,261	42,378
Libraries and Archives	7,751	8,837	10,770	10,779	11,035	11,035	12,361	13,227	14,170
Museums & Art Galleries etc	-	-	-	-	-	-	-	-	-
Community halls and Facilities	9,461	11,234	12,796	13,716	14,103	14,103	21,787	17,200	18,793

Cemeteries & Crematoriums	4,611	6,362	5,488	6,059	6,852	6,152	6,549	6,976
Child Care	-	-	-	-	-	-	-	-
Aged Care	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Community	1,293	1,448	1,459	1,744	3,786	2,140	2,286	2,438
Other Social	-	-	-	-	-	-	-	-
Sport and recreation	30,008	34,225	38,309	37,524	43,966	43,235	46,259	49,571
Public safety	59,424	70,765	77,718	80,936	87,872	98,817	102,207	108,775
Police	41,486	43,440	47,721	51,962	57,500	56,416	60,018	64,064
Fire	13,089	18,489	22,805	21,689	21,461	28,040	27,059	28,779
Civil Defence	-	-	-	-	-	-	-	-
Street Lighting	3,212	7,286	5,440	5,148	6,644	12,104	12,712	13,343
Other	1,636	1,550	1,752	2,137	2,266	2,257	2,417	2,588
Housing	20,740	8,553	6,015	6,770	6,899	7,810	7,885	8,457
Health	7,292	7,817	8,709	9,106	9,550	10,671	11,398	12,205
Clinics	6,237	7,606	8,709	9,106	9,550	10,494	11,212	12,009
Ambulance	-	-	-	-	-	-	-	-
Other	1,054	211	-	-	-	177	186	196
Economic and environmental services	204,640	259,690	99,993	128,710	134,302	154,358	153,963	161,836

Planning and development	14,762	14,915	24,119	34,897	31,929	31,929	43,056	36,743	37,666
Economic Development/Planning Town	11,045	11,032	20,153	13,379	13,398	13,398	23,556	16,790	16,448
Planning/Building enforcement	3,717	3,883	3,967	21,518	18,531	18,531	19,500	19,953	21,218
Licensing & Regulation	-	-	-	-	-	-	-	-	-
Road transport Roads	185,049	239,014	71,721	86,838	94,548	94,548	99,152	105,063	111,101
Public Buses	175,440	228,008	58,637	72,787	79,407	79,407	81,941	86,684	91,469
Parking Garages	-	-	-	-	-	-	-	-	-
Vehicle Licensing and Testing	-	-	-	-	-	-	-	-	-
Other	9,608	11,006	13,085	14,051	15,140	15,140	17,211	18,380	19,632
Environmental protection	4,829	5,761	4,152	6,975	7,825	7,825	12,150	12,157	13,068
Pollution Control	4,829	5,761	4,152	6,975	7,825	7,825	12,150	12,157	13,068
Biodiversity & Landscape	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Trading services	772,759	1,151,536	1,465,190	1,638,988	1,625,861	1,625,861	1,818,730	2,094,551	2,404,394
Electricity	445,119	732,058	903,252	1,143,973	1,141,106	1,141,106	1,289,685	1,490,856	1,722,085
Electricity Distribution	445,119	732,058	903,252	1,143,973	1,141,106	1,141,106	1,289,685	1,490,856	1,722,085

<i>Electricity Generation</i>	-	-	-	-	-	-	-	-	-	-	-	-
Water	216,128	262,451	350,642	333,429	326,560	326,560	358,686	421,539	491,172			
Water Distribution	216,128	262,451	350,642	333,429	326,560	326,560	358,686	421,539	491,172			
Water Storage	-	-	-	-	-	-	-	-	-			
Waste water management	56,123	69,622	101,103	86,011	85,688	85,688	91,243	99,117	105,209			
Sewerage	56,123	69,622	101,103	86,011	85,688	85,688	91,243	99,117	105,209			
Storm Water Management	-	-	-	-	-	-	-	-	-			
Public Toilets	-	-	-	-	-	-	-	-	-			
Waste management	55,389	87,404	110,193	75,575	72,508	72,508	79,116	83,039	85,928			
Solid Waste	55,389	87,404	110,193	75,575	72,508	72,508	79,116	83,039	85,928			
Other	-	-	-	-	-	-	-	-	-			
Air Transport												
Abattoirs												
Tourism												
Forestry												
Markets												
Total Expenditure - Standard	1,514,753	1,761,556	2,192,764	2,242,663	2,277,493	2,277,493	2,587,146	2,850,656	3,195,545			
Surplus/(Deficit) for the year	158,306	156,788	(166,401)	3,726	319	319	98,627	94,243	7,866			

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile "whole of government" reports.
2. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water and Waste management functions.
3. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

Table 16 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	
Revenue by Vote										
Vote 1 - EXECUTIVE MAYOR	440,500	438,782	329,752	264,084	282,087	282,087	177,174	177,640	190,600	
Vote 2 - MUNICIPAL MANAGER	158,608	16,292	21,607	11,709	15,765	15,765	16,388	8,696	9,322	
Vote 3 - CORPORATE SUPPORT SERVICES	1,483	1,810	34,468	1,940	1,940	1,940	1,997	2,094	2,196	
Vote 4 - BUDGET AND TREASURY OFFICE	8,819	5,584	46,138	13,208	14,164	14,164	192,534	213,540	232,802	
Vote 5 - PUBLIC SAFETY	19,779	24,857	26,330	30,290	31,066	31,066	25,637	26,939	28,519	
Vote 6 - PLANNING & HUMAN SETTLEMENT	27,136	30,618	4,957	9,272	8,655	8,655	131,106	112,192	12,870	
Vote 7 - LOCAL ECONOMIC DEVELOPMENT	604	17	8	167	167	167	372	395	419	
Vote 8 - COMMUNITY DEVELOPMENT	3,175	2,538	3,592	4,992	5,332	5,332	4,951	5,135	5,329	
Vote 9 - TECHNICAL AND INFRASTRUCTURE	1,012,955	1,397,846	1,615,412	1,910,726	1,918,635	1,918,635	2,135,613	2,398,266	2,721,354	
Total Revenue by Vote	1,673,059	1,918,344	2,082,265	2,246,389	2,277,812	2,277,812	2,685,773	2,944,899	3,203,411	

Explanatory notes to MBRR Table A3 – Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

The following table is an analysis of the surplus or deficit for the trading services.

Table 17 Surplus/(Deficit) calculations for the trading services

Standard Classification Description	2008/9		2009/10		2010/11		2011/12		2012/13 Medium Term Expenditure Framework			Revenue &	
	Audited Outcome		Audited Outcome		Audited Outcome		Adjusted Budget		Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15		
R thousand													
Electricity - Revenue	527,540,961		911,792,781		1,038,086,650		1,315,018,658		1,473,358,436	1,674,161,212		1,931,345,849	
Electricity Expenditure	445,118,852		732,058,161		903,251,807		1,141,105,509		1,289,685,303	1,490,856,368		1,722,085,230	
Surplus / deficit for the year	82,422,109		179,734,620		134,834,843		173,913,149		183,673,133	183,304,844		209,260,619	
Percentage surplus	16		20		13		13		12	11		11	
Water - Revenue	237,281,132		234,316,424		343,786,462		394,736,292		434,510,481	474,053,944		515,921,474	
Water - Expenditure	216,128,479		262,451,152		350,641,792		326,559,901		358,686,183	421,538,985		491,171,615	
Surplus / deficit for the year	21,152,653		-28,134,728		-6,855,330		68,176,391		75,824,298	52,514,959		24,749,859	
Percentage surplus	9		-12		-2		17		17	11		5	
Waste water management - Revenue	54,726,940		69,401,309		88,909,171		100,559,491		106,798,330	117,881,906		129,807,793	

Waste management - Expenditure	56,122,546	69,621,803	101,103,345	85,687,595	91,242,604	99,117,141	105,209,379
Surplus/deficit for the year	-1,395,606	-220,494	-12,194,174	14,871,896	15,555,726	18,764,765	24,598,414
Percentage surplus	-3	0	-14	15	15	16	19
Waste management- Revenue	61,697,672	76,689,698	97,099,649	107,154,800	119,156,353	130,283,264	142,294,760
Waste management- expenditure	55,389,351	87,404,498	110,193,474	72,508,293	79,115,959	83,038,654	85,927,555
Surplus / deficit for the year	6,308,321	-10,714,800	-13,093,825	34,646,507	40,040,394	47,244,610	56,367,205
Percentage surplus	10	-14	-13	32	34	36	40

2. The electricity trading surplus is deteriorating over the 2011/12 MTREF from 16 (%) per cent or R82 million in 2008/09 to 11 (%) per cent by 2014/15. This is primarily as a result of the high increases in Eskom bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.

3. The surplus on the water account is decreasing over the MTREF translating into a surplus of 17 to 5 (%) per cent for each of the respective financial years. Water, Waste water and Waste management have been operating at a deficit for the audited outcome. For 2012/13 MTREF it is cost reflective.

4. Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure.

Table 18 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure) Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

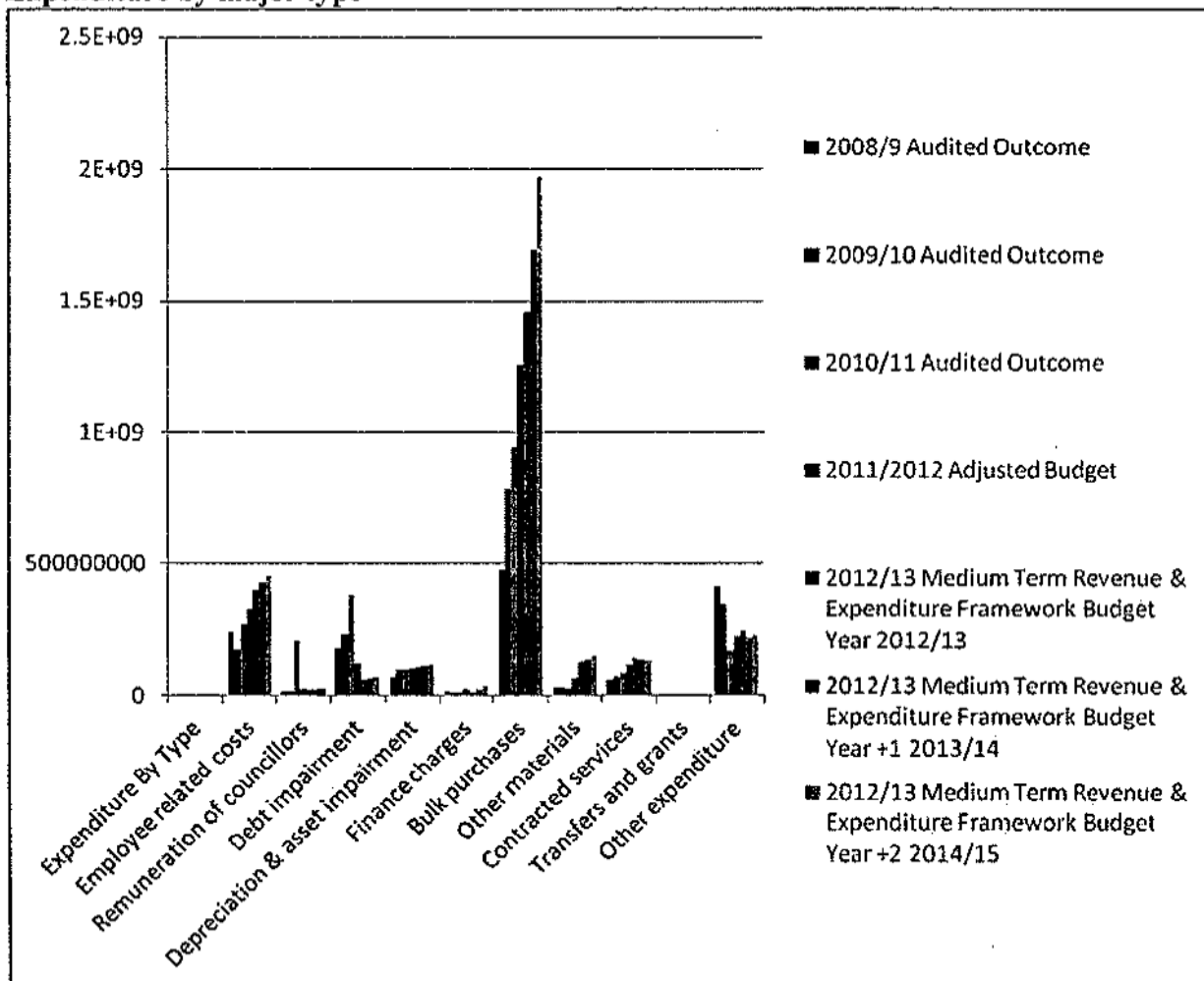
Description R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			Pre-audit outcome	2012/13 Medium Term Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast		Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Revenue By Source</u>										
Property rates - Property rates & penalties & collection charges	105,052	138,747	155,576	156,519	161,019	161,019	161,019	179,459	199,813	218,445
Service charges - electricity revenue	507,674	843,632	1,006,584	1,260,271	1,264,128	1,264,128	1,264,128	1,437,891	1,636,200	1,890,596
Service charges - water revenue	181,061	194,499	238,063	267,388	269,191	269,191	269,191	294,982	323,439	354,492
Service charges - sanitation revenue	38,160	43,096	56,414	64,116	63,773	63,773	63,773	70,592	79,110	88,145
Service charges - refuse revenue	41,637	48,138	64,348	66,540	66,545	66,545	66,545	73,782	81,961	90,669
Service charges - other	92	94	79	106	1,007	1,007	1,007	1,057	1,110	1,165
Rental of facilities and equipment	22,795	23,030	5,873	10,077	9,785	9,785	9,785	10,109	10,432	10,770

Interest earned - external investments	71,884	41,765	40,000	33,334	40,000	40,000	40,000	75,322	79,088	93,042
Interest earned - outstanding debtors	64,807	70,945	100,187	63,490	70,016	70,016	70,016	88,598	84,332	82,284
Dividends received	14	14	-	-	-	-	-	-	-	-
Fines	3,872	1,488	2,571	7,250	6,073	6,073	6,073	7,417	7,769	8,142
Licences and permits	5,884	7,786	8,650	9,056	9,056	9,056	9,056	1,844	2,408	2,820
Agency services	9,523	13,705	12,591	14,704	14,704	14,704	14,704	13,531	16,205	16,915
Transfers										
recognised operational	587,854	445,952	308,453	258,944	266,598	266,598	266,598	282,915	292,712	313,968
Other revenue	25,012	28,096	19,456	34,595	35,838	35,838	35,838	24,768	26,120	27,548
Gains on disposal of PPE	7,738	17,358	1,441	-	80	80	80	123,506	104,200	4,410
Total Revenue (excluding capital transfers and contributions)	1,673,059	1,918,344	2,020,288	2,246,389	2,277,812	2,277,812	2,277,812	2,685,773	2,944,899	3,203,411
Expenditure By Type										
Employee related costs	244,584	173,979	273,973	318,570	329,726	329,726	329,726	403,055	427,824	454,374
Remuneration of councillors	15,532	16,908	208,889	21,301	22,746	22,746	22,746	23,785	25,688	27,713
Debt impairment	180,600	232,829	383,523	155,000	125,000	125,000	125,000	61,782	67,251	70,728
Depreciation &										120,454

asset impairment	73,610	98,771	98,662	100,492	105,492	105,492	105,492	108,738	114,175	
Finance charges	14,467	13,300	12,875	19,833	25,854	25,854	25,854	11,914	25,190	37,943
Bulk purchases	478,585	783,019	946,857	1,251,584	1,256,584	1,256,584	1,256,584	1,459,248	1,695,381	1,970,632
Other materials Contracted services	28,534	28,967	30,528	71,996	68,076	68,076	68,076	127,892	135,498	150,555
Transfers and grants	60,469	69,355	85,352	101,789	117,335	117,335	117,335	141,377	137,656	133,090
Other expenditure	-	-	-	-	-	-	-	289	291	300
Loss on disposal of PPE	418,023	344,180	167,047	202,099	226,682	226,682	226,682	249,065	221,702	229,754
Total Expenditure	1,514,404	1,761,308	2,207,707	2,242,663	2,277,493	2,277,493	2,277,493	2,587,146	2,850,656	3,195,544
Surplus/(Deficit)	158,655	157,036	(187,419)	3,726	319	319	319	98,627	94,243	7,866

1. Total revenue is R2.6 billion in 2012/13 and escalates to R2.9 billion by 2013/14.
2. Revenue to be generated from property rates is R179 million in the 2012/13 financial year and increases to R218 million by 2014/15.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of RLM totaling R1.8 billion for the 2012/13 financial year.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government

Expenditure by major type



6. Bulk purchases have significantly increased over the 2008/09 to 2014/15 period escalating from R478 million to R1,4 billion. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Rand Water and Magalies water.

7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 19 MBRR Table A5 – Budgeted Capital Expenditure by vote, standard classification

Explanatory notes to Table A5 – Budgeted Capital Expenditure by vote, standard classification and funding source										
Vote Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year 2013/14	Budget Year 2014/15
<u>Single-year expenditure to be appropriated</u>										
Vote 1 - EXECUTIVE MAYOR	1,171	2	–	200	300	300	300	2,808	–	–
Vote 2 - MUNICIPAL MANAGER	8,150	6,883	5,597	178,816	186,665	186,665	186,665	327,671	330,826	599,314
Vote 3 - CORPORATE SUPPORT SERVICES	489	60	201	520	520	520	520	1,688	522	512
Vote 4 - BUDGET AND TREASURY OFFICE	239	596	1,878	5,053	5,338	5,338	5,338	256	–	–
Vote 5 - PUBLIC SAFETY	1,643	9,242	4,759	6,243	20,373	20,373	20,373	8,070	7,395	9,068
Vote 6 - PLANNING & HUMAN SETTLEMENT	6,102	1,183	503	4,085	85	85	85	28,523	12,900	22,400
Vote 7 - LOCAL ECONOMIC DEVELOPMENT	1,129	2,101	83	–	3,621	3,621	3,621	11,132	4,888	1,081
Vote 8 - COMMUNITY DEVELOPMENT	28,449	7,197	7,454	672	1,951	1,951	1,951	5,724	4,640	4,974
Vote 9 - TECHNICAL AND INFRASTRUCTURE	201,845	210,067	173,790	301,016	309,721	309,721	309,721	502,900	421,587	382,165

Capital single-year expenditure sub-total	249,216	237,330	194,265	496,605	528,576	528,576	528,576	888,773	782,758	1,019,514
Total Capital Expenditure - Vote	249,216	237,330	194,265	496,605	528,576	528,576	528,576	888,773	782,758	1,019,514
Capital Expenditure - Standard										
Governance and administration	10,036	7,540	7,675	184,589	192,824	192,824	192,824	332,423	331,348	599,826
Executive and council	9,039	6,884	5,597	179,016	186,965	186,965	186,965	330,479	330,826	599,314
Budget and treasury office	997	596	1,878	5,053	5,338	5,338	5,338	256	-	-
Corporate services	-	60	201	520	520	520	520	1,688	522	512
Community and public safety	29,872	16,439	12,213	6,915	22,325	22,325	22,325	14,134	12,035	14,042
Community and social services	10,359	4,599	3,995	672	1,951	1,951	1,951	4,074	3,340	3,424
Sport and recreation	17,512	2,262	3,459	-	-	-	-	1,650	1,300	1,550
Public safety	1,423	9,242	4,759	6,243	20,373	20,373	20,373	8,070	7,395	9,068
Housing	-	-	-	-	-	-	-	340	-	-
Health	578	335	-	-	-	-	-	-	-	-

<i>Economic and environmental services</i>	96,585	23,533	96,574	89,431	142,975	142,975	142,975	202,439	145,988	183,481
Planning and development	7,265	1,183	403	4,085	3,706	3,706	3,706	39,115	17,588	23,281
Road transport	69,027	22,350	95,987	85,346	139,269	139,269	139,269	163,124	128,200	160,000
Environmental protection	20,294	—	183	—	—	—	—	200	200	200
<i>Trading services</i>	112,723	175,482	74,165	194,490	145,650	145,650	145,650	323,367	232,267	194,065
Electricity	75,565	98,039	35,634	98,720	63,706	63,706	63,706	124,457	61,370	44,594
Water	15,491	14,643	11,710	45,631	24,262	24,262	24,262	52,920	62,750	41,323
Waste management water	—	36,676	4,924	24,389	24,548	24,548	24,548	106,700	41,000	76,000
Waste management	21,668	26,123	21,896	25,750	33,134	33,134	33,134	39,290	67,147	32,148
<i>Other</i>	—	14,336	3,638	21,180	24,803	24,803	24,803	16,409	61,120	28,100
Total Capital Expenditure - Standard	249,216	237,330	194,265	496,605	528,576	528,576	528,576	888,773	782,758	1,019,514
Funded by:										
National Government	148,727	140,72	131,7	352,	394,6	394,6	394,6	520,760	547,546	831,827

Provincial Government	1	21	641	54	54	54	505	321	236
	9,336	3,122	422	431	431	431	505	321	236
District Municipality	958	377	4,500	5,747	5,747	5,747	—	—	—
Other transfers and grants	—	996	6,700	8,337	8,337	8,337	—	—	—
Transfers recognised - capital	150,057	136,216	364,263	409,169	409,169	409,169	521,265	547,868	832,063
Public contributions & donations	10,080	8,878	—	—	—	—	—	—	—
Borrowing	50,000	—	80,000	—	—	—	—	131,320	111,162
Internally generated funds	39,450	80,311	52,342	119,407	119,407	119,407	367,508	103,571	76,289
Total Capital Funding	249,216	237,330	496,605	528,576	528,576	528,576	888,773	782,758	1,019,514

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R839 million for the 2012/13 financial year and remains relatively constant over the MTREF at levels of R783 million and R1 billion respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of Rustenburg Local Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from national and provincial grants and transfers, public contributions and donations and internally generated funds from current year surpluses. For 2012/13, capital transfers totals R520 million (58,59 per cent) and escalates to R832 billion by 2014/15 (81.59 per cent) with internally generated funding totaling R367 million, R103,5 million and R76 million for each of the respective financial years of the MTREF. The two outer years will be funded from Borrowings. RLM intent to borrow R131,5 million and R111 million to fund trading capital projects.

Table 20 MBRR Table A6 - Budgeted Financial Position
Explanatory notes to Table A6 - Budgeted Financial Position

NW373 Rustenburg - Table A6 Budgeted Financial Position

Description		Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
ASSETS												
Current assets												
	Cash	1	139 468	107 283	107 379	153 763	174 763	174 763	174 763	188 744	203 844	220 151
	Call investment deposits		467 941	452 591	248 483	498 062	781 062	781 062	781 062	610 231	640 777	672 850
	Consumer debtors	1	167 844	209 563	94 791	293 363	195	(30) 195	(30) 195	98 583	102 526	106 627
	Other debtors		4 941	5 609	13 355	4 869	4 869	4 869	4 869	13 880	14 445	15 022
	Current portion of long-term receivables		91	108	(0)	-	-	-	-	-	-	-
	Inventory	2	21 862	24 142	21 037	20 369	15 000	15 000	15 000	21 668	22 318	22 318
Total current assets			802 147	799 297	485 044	970 426	945 499	945 499	945 499	933 114	983 909	1 036 969
Non current assets												
	Long-term receivables		7 551	6 595	2 623	-	-	-	-	-	-	-
	Investments		695	695	333 352	696	696	696	696	696	696	696
	Investment property		-	-	1 233	-	-	-	-	-	-	-
	Investment in Associate		-	-	-	-	-	-	-	-	-	-
	Property, plant and equipment	3	1 086 809	1 295 274	1 463 966	1 290 013	1 285 013	1 285 013	1 285 013	1 831 011	2 299 333	2 999 128
	Agricultural		-	-	-	-	-	-	-	-	-	-
	Biological		-	-	-	-	-	-	-	-	-	-
	Intangible		-	-	-	-	-	-	-	-	-	-
	Other non-current assets		-	-	429	-	-	-	-	429	429	429
Total non current assets			1 095 055	1 302 564	1 801 603	1 290 709	1 285 709	1 285 709	1 285 709	1 832 136	2 300 458	3 000 253
TOTAL ASSETS			1 897 202	2 101 860	2 286 647	2 261 135	2 231 208	2 231 208	2 231 208	2 765 250	3 284 367	4 037 221
LIABILITIES												
Current liabilities												
	Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
	Borrowing	4	3 311	3 746	7 430	8 610	8 610	8 610	8 610	8 247	9 155	10 162
	Consumer deposits		21 769	22 363	23 029	25 569	25 569	25 569	25 569	24 181	25 390	26 659
	Trade and other payables	4	320 651	384 868	394 072	381 897	274 321	274 321	274 321	327 942	347 619	368 476

Provisions	3 247	3 548	3 278	4 014	4 014	4 014	4 014	3 475	3 683	3 904
Total current liabilities	348 979	414 526	427 809	420 089	312 513	312 513	312 513	363 845	385 846	409 201
Non current liabilities										
Borrowing	101 341	97 595	97 185	173 674	173 674	173 674	173 674	85 271	205 277	174 575
Provisions	190 185	107 816	119 503	185 677	165 677	165 677	165 677	126 673	134 273	142 329
Total non current liabilities	291 526	205 411	216 688	343 350	339 350	339 350	339 350	211 944	339 550	316 905
TOTAL LIABILITIES	640 505	619 937	644 497	763 439	651 864	651 864	651 864	575 788	725 396	726 105
NET ASSETS	5	1 256 697	1 642 150	1 497 696	1 579 344	1 579 344	1 579	2 189 462	2 558 971	3 311 116
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	219 763	291 737	1 218 508	191 408	213 057	213 057	213 057	1 748 874	2 100 760	2 834 576
Reserves	1 036 934	1 190 186	423 642	1 306 288	1 366 287	1 366 287	1 366	440 588	458 211	476 540
Minorities' interests							287			
TOTAL COMMUNITY WEALTH/EQUITY	5	1 256 697	1 642 150	1 497 696	1 579 344	1 579 344	1 579	2 189 462	2 558 971	3 311 116

References

1. Detail to be provided in Table SA3
2. Include completed low cost housing to be transferred to beneficiaries within 12 months
3. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements)
4. Detail to be provided in Table SA3. Includes reserves to be funded by statute.
5. Net assets must balance with Total Community Wealth/Equity

check balance	-363.00	-362.00	-3.00	-337.00	-0.00	-0.00	-0.00	-0.25	-0.00	-0.23
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1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table SA3 provides a detailed analysis of the major components of a number of items, including:

- Call investments deposits;
- Consumer debtors;
- Property, plant and equipment;
- Trade and other payables;
- Provisions non-current;
- Changes in net assets; and
- Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.